GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2102
ANSWERED ON:12.12.2008
FOREIGN INVESTMENT IN POWER SECTOR
Agarwal Shri Dhirendra;Jogi Shri Ajit;Prasad Shri Hari Kewal

Will the Minister of POWER be pleased to state:

(a) the details of the foreign investment made in the power sector and the additional power generated as a result thereof during the last three years;

(b) whether the Government has framed any new policy for attracting large- scale foreign investment in the power sector;

(c) if so, the details thereof; and

(d) the amount of foreign investment likely to be invested during the coming years under the policy?

Answer

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE & INDUSTRY AND MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI JAIRAM RAMESH)

(a) : As per information available with the Department of Industrial Policy & Promotion (DIPP), which maintains the data on Foreign Direct Investment (FDI), the statement showing the details of the FDI made in the power sector during the last three years is given below:

(Amount in million)

2005-06 Apr-Mar		2006-07 Apr-Mar		2007-08 Apr-Mar		Total	
FDI in Rs	FDI in US$	FDI in Rs	FDI in US$	FDI in Rs	FDI in US$	FDI in US$	
3,863.77	87.09	7,132.19	157.47	38,774.62	968.00	49,770.58	1,212.56

Additional power generated from various power projects is not being segregated based on the nature of investment on the projects.

(b) & (c) : Some of the major initiatives taken by the Government to attract foreign investment in the power sector are as follows:

i) Foreign Direct Investment
100% FDI has been permitted on the automatic approval route in respect of projects relating to electricity generation, transmission and distribution (other than Nuclear Power Plants). Recently, power trading has also been included in the above, subject to compliance with the regulations under the Electricity Act, 2003.

ii) Ultra Mega Power Projects
The Government has taken up an initiative for facilitating the development of Ultra Mega Power Projects of about 4000 MW capacity each under the tariff based competitive bidding route using super critical technology.

iii) Competitive Bidding Guidelines
The Central Government has on 19th January 2005 issued guidelines for competitive bidding for determination of tariff for procurement of power by distribution licensees after due consultation with the Central Electricity Regulatory Commission (CERC). This is expected to further encourage foreign as well as private sector investment. Subsequently, the Central Government has also issued detailed guidelines for tariff based competitive bidding process for procurement of transmission services for transmission of electricity vide notification dated 17th April, 2006.

(d) : No targets have been set for FDI in the power sector as the inflow of capital largely depends upon the prevailing investment climate and the foreign investors` confidence and their perception of investment risks in deciding the country and choice of sector within the country for investment.